



Analysis of Calculation, Deposit and Reporting Value Added Tax and Income Tax in Construction Service Companies: Case study on CV. ABC Kendari

Sumarni Lilu Jumaria^{1*}, Ibnu Hajar², Muhammad Nur³

Prodi Magister Manajemen, Sekolah Tinggi Ilmu Ekonomi Enam Enam Kendari¹

Fakultas Ekonomi dan Bisnis, Universitas Halu Oleo Kendari²

Prodi Magister Manajemen, Sekolah Tinggi Ilmu Ekonomi Enam Enam Kendari³

Corresponding Email: asrafyusus23@gmail.com*

Received: 20-01-2024

Reviewed: 20-01-2024

Accepted: 27-02-2024

Abstract

This study aims to determine and analyze the application of Calculation, Deposit and Reporting of Value Added Tax and Income Tax at Construction Services Company CV. ABC Kendari Period Year 2022. This research uses a qualitative descriptive method. Data collection techniques through interviews and literature studies regarding tax data and financial reports of CV. ABC Kendari during the 2022 period. The results of this study indicate that the application of the calculation, deposit and reporting of Value Added Tax and Final Income Tax Article 4 Paragraph (2) that has been carried out by CV. ABC Kendari as a company that has been confirmed as a Taxable Entrepreneur is in accordance with the General Provisions and Procedures for Taxation and the current Legislation and every work completed is made a Tax Invoice in accordance with the value stated in the Pay Order or Disbursement Order received from the Government Agency or Office Treasurer as a service user.

Keywords: Calculation, Deposit, Reporting of VAT, Final Income Tax Article 4 Paragraph (2), Construction Services

Introduction

In the current era of globalization, the construction industry in Indonesia is experiencing significant development. Construction service companies play an important role in infrastructure development that supports national economic growth. However, along with these developments, challenges in taxation aspects, especially related to the calculation, deposit, and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) are becoming increasingly complex (Mgammal et al., 2023). Construction service companies, such

as CV. ABC Kendari, are faced with the need to understand and apply applicable tax provisions appropriately to avoid the risk of non-compliance with laws and regulations.

Research related to taxation practices in the construction sector has previously revealed various difficulties faced by companies in managing their tax obligations. These difficulties include understanding the regulations, efficiency in tax calculation, and compliance in depositing and reporting (Davletshin, 2019). Although tax regulations are constantly updated to provide clarity, many construction companies still struggle to fulfill their tax obligations appropriately and on time. This creates potential legal and financial issues that can hinder business operations.

Previous research has also highlighted the importance of understanding and correctly applying tax regulations as a critical factor for the success of firms in the construction industry. However, there is still a lack in the literature that provides an in-depth analysis of how construction companies, especially those operating in areas such as Kendari, implement tax practices that are compliant with current regulations (Matarirano et al., 2019). This suggests a need for further research that can fill this knowledge gap.

The formulation of the problem in this study focuses on how the application of the calculation, deposit, and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) by CV. ABC Kendari, as a construction services company confirmed as a Taxable Entrepreneur (PKP). This study aims to analyze the suitability of taxation practices carried out by CV. ABC Kendari with the General Provisions and Procedures for Taxation and the applicable laws and regulations, as well as identify any potential gaps or challenges faced in their implementation..

The main objective of this study is to determine and analyze the application of the calculation, deposit, and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) at Construction Services Company CV. ABC Kendari during the period of 2022. Through a qualitative descriptive approach, this research aims to identify the suitability of taxation practices implemented with the general provisions and procedures of applicable taxation, as well as current laws and regulations. The benefits of this research are extensive, not only for CV. ABC Kendari in improving tax compliance and efficiency, but also for other construction service companies as a reference to improve and refine their taxation processes. In addition, this research is expected to provide input for policy makers in drafting or revising tax regulations that better support the growth of the construction industry while improving tax compliance.

The contribution or novelty of this research lies in the in-depth analysis of taxation practices in construction service companies operating in Kendari, an area that has rarely been the focus of previous taxation research. By taking the case of CV ABC Kendari, this study provides a new perspective on how construction service companies in the region face and handle tax challenges, particularly related to VAT and Final Income Tax Article 4 Paragraph (2). This research reveals not only compliance with existing tax provisions but also the potential obstacles and difficulties faced by companies in implementing these provisions. As such, this study contributes to the academic literature by adding empirical evidence from the local context

Analysis of Calculation, Deposit and Reporting Value Added Tax and Income Tax in Construction Service Companies: Case study on CV. ABC Kendari

and provides practical recommendations for companies and policymakers to improve the taxation system in the construction sector.

Literature Review

General Definitions in KUP Law

The Law on General Provisions and Tax Procedures as the basis of tax law in Indonesia, regulates important definitions and provisions that form the framework of the country's taxation. Alexander Hery (2023) provides a summary of general definitions that include definitions of tax, taxpayer, entity, entrepreneur, and taxable entrepreneur, as well as other important concepts such as tax period, tax year, and various types of taxation letters (Indonesia, 2007). These definitions are essential to understand how tax subjects and objects are identified, as well as how tax liabilities are calculated, remitted, and reported to the tax authorities.

Tax Regulation Harmonization Law

Significant changes to tax regulations occurred with the passing of the Harmonization of Tax Regulations Law (HPP Law). This law, which was inaugurated on October 29, 2021 by President Joko Widodo, illustrates the government's efforts in responding to economic dynamics and the need for adaptation of the latest tax regulations. The Directorate General of Taxes (DGT) stated that the HPP Law covers important aspects such as changes in VAT rates, tax amnesty policies, and carbon tax implementation, all of which come into effect in 2022.(Pratama et al., 2022) The HPP Law is expected to improve fairness and simplicity in the tax system, while encouraging taxpayer compliance and increasing state revenue from the tax sector.

Analysis and Contribution to Research

The definitions and provisions in UU KUP and the changes brought by UU HPP provide a deep legal context to taxation practices in Indonesia, including in the construction sector. Knowledge of the definitions and procedures stipulated in these regulations is essential for construction service companies to ensure their tax compliance (Arianty, 2022). Research that focuses on the application of tax calculation, remittance, and reporting by construction service companies, such as CV. ABC Kendari, requires not only an in-depth understanding of the applicable tax provisions but must also assess the impact of the regulatory changes introduced by the COGS Law.

Definition of Construction Services

Construction services, according to the Construction Services Law (UUKJ), include construction work planning consultancy services, construction work implementation services, and construction work supervision consultancy services (Latada et al., 2022). This definition provides a framework for construction service companies in carrying out their operations, where each aspect of the service requires an understanding and application of relevant tax regulations to ensure compliance and operational efficiency.

Types of Construction Services

Law No. 18 Year 1999 categorizes construction services into construction planners, construction executors, and construction supervisors, with each having a specific scope of activities. Knowledge of these categories is important to determine taxation responsibilities and ensure that construction service companies fulfill tax obligations in accordance with their roles in construction projects (Hardjomuljadi, 2017).

Value Added Tax

VAT, as a tax imposed on any value-added goods or services in circulation from producers to consumers, is an important component of the Indonesian tax system. The application of VAT on construction services requires an in-depth understanding of the tax base and applicable rates, as stipulated in Law No. 42 of 2009 (Kusuma et al., 2022).

Method of VAT Calculation, Remittance and Reporting

The methodology of calculating VAT on construction services, which is emphasized by underscores the importance of understanding how to calculate, remit, and report VAT (Mgammal et al., 2023). This process includes the preparation of tax invoices and tax payment letters (SSP), which must be included with the NPWP and identity of the PKP concerned, as well as the fulfillment of reporting obligations within the specified time.

Definition of Final Income Tax Article 4 Paragraph (2)

Final Income Tax Article 4 Paragraph (2) is a tax imposed at a certain rate on certain income obtained in the current year (Ratuela et al., 2018). An understanding of this concept is critical in assessing income tax liability on construction services and ensuring correct tax repayment.

How to Calculate, Deposit and Report Final Income Tax Article 4 Paragraph (2)

The procedures for calculating, withholding, remitting, and reporting Income Tax Article 4 Paragraph (2) on construction services, as outlined in various Minister of Finance regulations, emphasize the importance of understanding the correct procedures to comply with tax regulations (FITRIASARI & WOYANTI, 2016). Income tax withholding by service users at the time of payment, timely tax remittance, and accurate reporting are key components to ensure tax compliance and avoid sanctions.

Research Method

The research method used in this study is a qualitative descriptive method, which aims to describe and analyze the application of the calculation, deposit, and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) at the Construction Services Company CV. ABC Kendari (Abdussamad & Sik, 2021). This approach was chosen because it allows researchers to gain an in-depth understanding of the tax practices carried out by the company, as well as understand the context and nuances that may not be revealed through a quantitative approach. The qualitative approach allows researchers to explore certain

Analysis of Calculation, Deposit and Reporting Value Added Tax and Income Tax in Construction Service Companies: Case study on CV. ABC Kendari

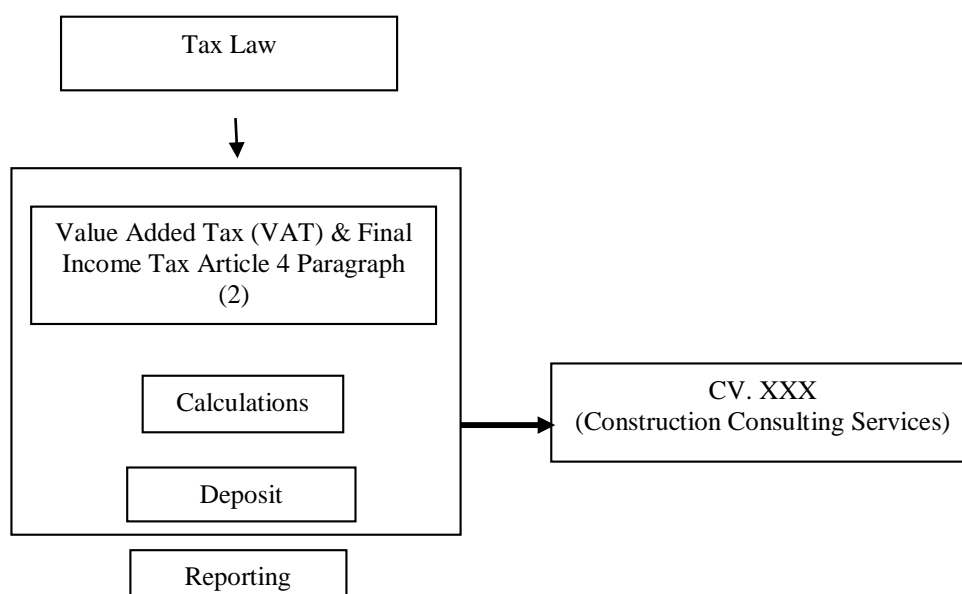
aspects of the taxation practices that apply in the company, including the challenges and obstacles faced in its implementation.

The data sources in this study come from primary and secondary data. Primary data was obtained through direct interviews with relevant parties in CV. ABC Kendari, including company management, financial staff, and other parties involved in the company's taxation process. Meanwhile, secondary data includes company documents, such as financial statements, tax payment receipts, and other tax documents, as well as laws and regulations relevant to the taxation of construction services in Indonesia (Agung & Yuesti, 2019). This data collection is carried out with the aim of collecting comprehensive information about the process of calculating, depositing, and reporting taxes in the company.

The research site was chosen at CV. ABC Kendari, which is located in Kendari, Southeast Sulawesi. The selection of this location is based on several reasons, including because CV. ABC Kendari is one of the active construction service companies and has an important role in infrastructure development in the region. In addition, this company has complete tax records and can be accessed for research purposes, making it easier for researchers to collect the data needed. This condition makes CV ABC Kendari an ideal location to conduct research on taxation practices in the construction industry.

The data analysis technique used in this research involves several steps. First, data obtained from interviews and documents will be categorized and arranged systematically. Then, the researcher will conduct a content analysis to identify important themes emerging from the data, particularly related to taxation practices in the company. This analysis will be conducted by comparing the data obtained with the applicable tax regulations, to assess conformity and identify potential areas of improvement. The results of this analysis are expected to provide in-depth insight into the application of taxation in CV. ABC Kendari and provide useful recommendations for companies and other related parties in improving tax compliance and efficiency.

Conceptual Framework



Result and Discussion

Based on the results of research on the calculation, deposit and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) that have been applied by CV. ABC Kendari which has been confirmed as a Taxable Entrepreneur (PKP) is in accordance with statutory regulations and general provisions and tax procedures currently in force. Every work contract that has been completed by CV. ABC is made a Tax Invoice in accordance with the value stated in the Payment Order (SPM) or Fund Disbursement Order (SP2D) received from the Government Agency or Service Treasurer as a service user. At the time of disbursement of funds, the relevant agencies directly deposit VAT and income tax into the state treasury by providing proof of e-billing to CV. ABC and reporting the VAT periodic tax return is reported before the due date of each month, namely before the 20th of the following month and income tax is reported annually before the due date, namely April 30 of the following year by attaching a financial report that has been made by CV. ABC Accounting and Tax Staff.

CV. ABC was established on November 13, 2020 in Kendari City, Southeast Sulawesi Province, in the presence of Notary Sudirman, SH, M.Kn and has a Member Identity Card (KTA) of the Indonesian Consultant Services Association (PERKONINDO) as well as a Small Qualification Business Entity Certification (SBU) with the Sub-Classification of Building Planning and Supervision issued by the PERKINDO Business Entity Certification Agency (LSBU), because currently the Business Entity Certification Institutions for Southeast Sulawesi Province are INKINDO and PERKINDO. Based on CV. ABC's work contract with the Southeast Sulawesi Cultural Education Office of 11%:

$$\text{PPN} = 11\% \times \text{DPP}$$

(DPP is calculated based on the SPM from the Associate Office.)

Based on the above calculation, the amount of VAT from each contract that occurs during 2022 is made a Tax Invoice through the E-invoice application that has been installed from the Kendari City Tax Office, in accordance with the current tax regulations.

Contract Value	Rp. 516.334.000,-
DPP	Rp. 516.334.000,- X 100/111) = Rp. 465.165.766
VAT (11%)	Rp. 51.168.240,-
The VAT value for construction consulting services to appear on tax invoices is not the same as the VAT value that applies in general, so that in calculating VAT for CV. ABC consulting services, the contract value and DPP value must be considered. In this case, the VAT value that appears for VAT is as follows Rp. 51.168.240,-	

Analysis of Calculation, Deposit and Reporting Value Added Tax and Income Tax in Construction Service Companies: Case study on CV. ABC Kendari

Value Added Tax deposits must be deposited by taxable entrepreneurs on the VAT. Based on data received by researchers from CV. ABC, the work contract during 2022 came from partners of several government agencies, in this case, CV. ABC's Value Added Tax deposit is deposited directly by the Treasurer based on the Tax Invoice code is 02. Tax Withholding Treasurer (according to the provisions in the e-invoice application), and CV. ABC receives proof of payment from Value Added Tax deposits for transactions made by partners with CV. ABC in the form of e-billing letters and proof of payment by post or bank Sultra. The amount of VAT that has been collected or deposited by the Treasurer of the Office is Rp. 51,168,240, - for the period of 2022.

Value Added Tax Periodic Notification Letter (SPT Masa PPN) must be reported by Taxable Entrepreneurs no later than the end of the following month after the tax period ends and after depositing the outstanding VAT made. The SPT Masa PPN is made through the efaktur application and reported by e-filing, after reporting the VAT period CV. ABC will receive an Electronic Receipt as a sign that it has reported the SPT Masa PPN. The form of reporting carried out by CV. ABC is reporting VAT with a zero report, through web-efaktur.pajak.go.id login, which is carried out every month, where the form of reporting is zero because CV. ABC's partners from government agencies are withholding treasurers which have been regulated in tax law..

Calculation of Final Income Tax Article 4 Paragraph (2) CV. ABC

Based on the value of income tax article 4 paragraph (2) in the CV. ABC Payment Order (SPM) or SP2D, it appears that the calculation made by the partner is 3.5%, this is based on the rates set by government regulations currently in force in the tax provisions (Appendix 4). CV. ABC is a business entity engaged in construction consulting services, where each disbursement is proven by an SPM (Surat Perintah Membayar) from the relevant agency, so CV. ABC calculates based on the provisions of the tax law as follows:

- 1). $\text{Contract Value} \times 100/111 = \text{DPP (Tax Imposition Base)}$
- 2). $\text{DPP} \times 3,5\% = 465.165.766 \times 3,5\% = 16.280.802,-$

In this case, the calculation of Final Income Tax Article 4 Paragraph (2) will affect the Financial Statements prepared by the Accounting and Tax Staff at CV. ABC as an attachment to the Annual Tax Return, based on the financial statement data received by the researcher, the calculation of the financial statements in the form of a balance sheet and profit and loss statement of CV. ABC is in accordance with the KUP and current tax regulations, because it is zero, the financial statements do not need to be calculated again, only reported in the Annual Tax Return.

Researchers reviewed the results of research related to the calculation, deposit, and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) by CV. ABC Kendari. The research shows that CV ABC has complied with the applicable tax provisions, by implementing appropriate procedures for each work contract completed. This process includes the generation of Tax Invoice that matches the value stated in the Payment Order (SPM) or Disbursement Order (SP2D) from the government agency. This practice not

only ensures compliance with applicable tax laws and procedures but also emphasizes the importance of accurate documentation in business transactions, especially in the construction industry.

The deposit of VAT and income tax to the state treasury, which is done directly by government agencies by providing e-billing evidence to CV. ABC, is an effective example of a tax system that facilitates transparency and accountability. This shows that the e-invoice and e-filing system implemented by the Directorate General of Taxes is effective in facilitating the taxation process for companies. The reporting of VAT returns before the 20th of the following month and income tax returns annually before April 30 of the following year, by attaching financial statements, reflects good tax governance and time discipline in fulfilling tax obligations by CV. ABC.

CV. ABC Kendari, as a business entity operating in Kendari City, Southeast Sulawesi, demonstrates how a local construction services company can keep up with complex and dynamic tax regulations. CV. ABC's success in managing its tax obligations, not only supports efficient business operations but also contributes to the integrity of the national tax system. This is important, given the role of taxes in the sustainable development of infrastructure and public services. Thus, CV ABC serves as an example for other construction service companies in managing taxation.

This research reinforces the importance of tax education and regulatory awareness for companies, especially in the construction sector. Understanding the complexities of VAT and Income Tax, as well as complying with tax regulations, is essential for business continuity and fulfillment of state obligations. CV. ABC's initiative in ensuring tax compliance through an electronic system shows a proactive step in adapting technology for regulatory compliance. This is in line with the government's efforts to increase tax revenue through digitalization and tax administration efficiency.

Conclusion

This research has successfully reviewed and evaluated the application of the calculation, deposit, and reporting of Value Added Tax (VAT) and Final Income Tax (PPh) Article 4 Paragraph (2) by CV. ABC Kendari, which has been confirmed as a Taxable Entrepreneur (PKP). From the analysis conducted, it can be concluded that CV. ABC Kendari has complied with the provisions of the current tax laws and procedures accurately. The practice implemented by CV. ABC in the preparation of Tax Invoice in accordance with the contract value and direct deposit of taxes by government agencies shows high compliance with tax regulations.

This conclusion answers the research objectives by confirming that a deep understanding and disciplined application of tax regulations are key factors in achieving tax compliance in the construction sector. The findings have important implications for other construction companies, especially in terms of the importance of an effective tax administration

Analysis of Calculation, Deposit and Reporting Value Added Tax and Income Tax in Construction Service Companies: Case study on CV. ABC Kendari

system, the use of e-invoicing and e-filing technology for efficiency, and the importance of cooperation with government agencies in the tax remittance process.

Based on the results of this study, it is recommended for other construction service companies to adopt the best practices that have been implemented by CV. ABC Kendari in the management of their tax obligations. The application of information technology in tax administration, such as e-invoicing and e-filing, should be enhanced to ensure more efficient and transparent tax compliance. In addition, further research can be directed to explore tax optimization strategies and the impact of changes in tax regulations on the operations of construction service companies.

Overall, the findings from this study provide important insights into tax compliance practices in the construction sector and offer guidance for similar companies in ensuring their tax compliance. It also highlights the importance of adaptation to regulatory changes and utilization of technology in tax management to strengthen the integrity and transparency of the national tax system.

References

- Abdussamad, H., & Sik, M. (2021). *Metode penelitian kualitatif*. books.google.com. <https://books.google.com/books?hl=en&lr=&id=JtKREAAAQBAJ&oi=fnd&pg=PR5&dq=metode+kualitatif&ots=vDCxBS22O2&sig=nrE3MPPawGocoqirBbtidNwmFS0>
- Agung, A., & Yuesti, A. (2019). *BUKU METODE PENELITIAN BISNIS KUANTITATIF DAN KUALITATIF*. Query date: 2024-01-20 03:00:38. <http://eprints.unmas.ac.id/id/eprint/494/1/2019%20METODE%20PENELITIAN%20BISNIS%20KUANTITATIF%20DAN%20KUALITATIF.pdf>
- Arianty, F. (2022). Analisis Perubahan Tarif Progresif Pajak Penghasilan Orang Pribadi Dalam Undang-Undang Harmonisasi Peraturan Perpajakan Ditinjau Dari Azas Keadilan. *Jurnal Administrasi Bisnis Terapan (JABT)*, 5(1), 1.
- Davletshin, T. G. (2019). Vat reform and taxation of the construction sector. *Дайджест-Финансы*, 24(1 (249)), 64–83.
- FITRIASARI, V. I. M., & WOYANTI, N. (2016). *PROSEDUR PERHITUNGAN, PEMOTONGAN, PENYETORAN, DAN PELAPORAN PPH PASAL 23 ATAS PENGGUNAAN JASA KONSTRUKSI PEMASANGAN JARINGAN PIPA PADA PDAM TIRTA MOEDAL KOTA SEMARANG*.
- Hardjomuljadi, S. (2017). Peran penilai ahli dalam penanganan kegagalan bangunan dan kegagalan konstruksi (menurut UU No 18 tahun 1999 jo PP 29 tahun 2000). *Konstruksia*, 6(1).
- Indonesia, R. (2007). Undang-Undang Ketentuan Umum dan Tatacara Perpajakan. *KUP (p. Law Number 28)*.
- Kusuma, I. C., Susandra, F., & Yustira, I. D. (2022). Analisis Perhitungan, Penysetoran dan Pelaporan Pajak Pertambahan Nilai Berdasarkan Undang-Undang Nomor 42 Tahun

- 2009 pada PT XYZ yang Terdaftar sebagai Klien di Kantor Konsultan Keuangan & Pajak Kusna, Tendy & Tommy. *Karimah Tauhid*, 1(2), 275–288.
- Latada, H., Ashad, H., & Musa, R. (2022). Analisis Penyelesaian Sengketa Jasa Konstruksi pada Proyek Pembangunan Pasar Rakyat Pontolo Kabupaten Gorontalo. *Jurnal Flyover*, 2(1), 10–20.
- Matarirano, O., Chiloane-Tsoka, G. E., & Makina, D. (2019). Factors driving tax compliance costs of small businesses in the South African construction industry. *Acta Commercii*, 19(1), 1–10.
- Mgammal, M. H., Al-Matari, E. M., & Alruwaili, T. F. (2023). Value-added-tax rate increases: A comparative study using difference-in-difference with an ARIMA modeling approach. *Humanities and Social Sciences Communications*, 10(1), 1–17.
- Pratama, B. A., Ramadhani, M. A., Lubis, P. M., & Firmansyah, A. (2022). Implementasi Pajak Karbon Di Indonesia: Potensi Penerimaan Negara Dan Penurunan Jumlah Emisi Karbon. *JURNAL PAJAK INDONESIA (Indonesian Tax Review)*, 6(2), 368–374.
- Ratuela, H. S., Sondakh, J. J., & Wangkar, A. (2018). Analisis Penerapan Pajak Penghasilan Final Pasal 4 Ayat 2 Atas Jasa Konstruksi Pada PT. Realita Timur Perkasa. *Going Concern: Jurnal Riset Akuntansi*, 13(04).